

HOUSE BILL 3219

By McDaniel

AN ACT to amend Tennessee Code Annotated, Title 4; Title 9; Title 43; Title 49 and Title 68, to enact the Millennium Trust Fund Act of 2000.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. This act shall be known and may be cited as the "Millennium Trust Fund Act of 2000".

SECTION 2. (a) The general assembly finds and declares that it is advisable to create the Millennium Trust Fund Authority. The purpose of the authority is to manage the assets of the state, which are derived from the settlement of tobacco lawsuits. Further, the authority is empowered to administer programs created by this act, such programs to be funded with assets of the authority.

(b) A board of directors for the authority is hereby created to govern the affairs of the authority. The board shall be composed of:

- (1) The governor;
- (2) The secretary of state;
- (3) The comptroller of the treasury;
- (4) The state treasurer; and,

(5) The commissioner of finance and administration.

(c) The members may from time to time designate representatives to attend and participate in meetings of the board in their absence.

(d) The board shall have such powers as necessary or convenient to carry out the purposes and provisions of this act, including, but not limited to, the power to:

(1) Contract for necessary goods and services;

(2) Employ necessary personnel; and,

(3) Engage the services of consultants and other professionals for administrative and technical assistance.

(e) The board shall have the power to issue debt in the authority's name, such debt to be secured by payments received by the state under the tobacco settlement agreement as well as such other authority assets as the board deems appropriate.

(f) As used in this act, unless the context otherwise requires, "tobacco settlement agreement" means the tobacco litigation settlement agreement entered into by Tennessee and certain other states, United States territories and possessions, and participating tobacco manufacturers, dated November 23, 1998.

SECTION 3. (a) The Millennium Trust Fund is hereby established for the purposes of management of funds received by the state of Tennessee as a result of the tobacco settlement agreement, including income from the investment of those funds. The trust fund shall consist of two accounts as follows:

(1) "Non-Expendable Account" shall consist of ninety percent (90%) of all funds received by the state pursuant to the tobacco settlement agreement and, to this effect, ninety percent (90%) of all such funds received by the State are hereby appropriated to the non-expendable account. Funds in this account shall be invested for the benefit of the account in any of the investments authorized for the Tennessee consolidated retirement system which are not prohibited for

investment by the authority or by the Constitution of Tennessee. Income earned on the non-expendable account shall remain in the account. Funds in the account shall not revert to the general fund. The board shall annually certify on or before December 1, to the commissioner of finance and administration the amount of earnings that are available for transfer to the expendable account. In determining such amount, the Board shall ensure that the purchasing power of the Account over time is preserved.

(2) "Expendable Account" shall consist of ten percent (10%) of all funds received by the state pursuant to the tobacco settlement agreement and, to this effect, ten percent (10%) of all such funds received by the state are hereby appropriated to the expendable account. In addition, the expendable account shall also consist of funds transferred from the non-expendable account as well as earnings on the expendable account. Funds in such account shall be administered pursuant to § 9-4-603 and shall not revert to the general fund. Funds in the expendable account are available for appropriation by the general assembly for the program purposes provided within this act.

(b) As used in this section, "income" means all interest and dividends derived from the investment of any tobacco settlement funds and any capital gains from the sale or exchange of those investments.

SECTION 4. The authority is authorized to administer the following programs and to fund such programs with funds available within the expendable account. Such programs may be administered directly by the authority or by other state agencies or entities under contract with the authority. From funds available within the expendable account, the general assembly shall annually allocate funds between the following programs:

(1) A scholarship program for Tennessee citizens who commit to become public school teachers in Tennessee under such terms and conditions as the board deems appropriate;

(2) A loan program for local governments to facilitate the construction or renovation of kindergarten through grade twelve (K-12) schools, provided that loans shall be given only to those systems where local efforts to fund school programs exceed the systems' ability to pay for those programs;

(3) A scholarship program for active tobacco farmers and members of their immediate families; and

(4) Programs designed to reduce youth smoking.

SECTION 5. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 6. This act shall take effect upon becoming a law, the public welfare requiring it.